

Message Text

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PAGE 01 LUSAKA 00800 030617Z

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ACTION AF-06

INFO OCT-01 ISO-00 SS-15 SP-02 IGA-02 EB-07 L-03 INR-07

/043 W

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R 021450Z APR 76

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 3080

C O N F I D E N T I A L LUSAKA 0800

EO 11652: GDS

TAGS: EFIN, ZA

SUBJECT: US ECONOMIC ASSISTANCE TO ZAMBIA

REF: STATE'S 36980; LUSAKA'S 783

1. FONMIN RUPIAH BANDA RAISED THIS SUBJECT IN 45-MINUTE CONVERSATION WITH ME APRIL 1 MAINLY ON SOUTHERN AFRICAN POLITICAL DEVELOPMENTS (SEPTTEL). BANDA SAID HE HAD JUST COME FROM GRZ CONTINGENCY COMMITTEE MEETING AT WHICH HE WAS OUTSPOKEN IN TELLING COUNTRY'S ECONOMIC POLICYMAKERS THAT HE THOUGHT ZAMBIA WAS "AT FAULT" IN FAILING SO FAR TO LEVY SPECIFIC REQUEST ON USG FOR ASSISTANCE. SAID HE PERSONALLY, AS MINISTER OF FOREIGN AFFAIRS, WAS ASSUMING COORDINATING RESPONSIBILITY FOR FOREIGN ASSISTANCE "TO HELP FEED ZAMBIA" AND THAT IF EMBASSY ENCOUNTERED ANY BUREAUCRATIC DELAYS OR OBSTACLES, WE WERE TO COME DIRECTLY TO HIM. BANDA SAID HE HAD ALREADY INSERTED HIMSELF IN RECENT WEST GERMAN LOAN NEGOTIATION WHICH WAS BEING HELD UP BECAUSE OF ZAMBIAN INABILITY TO ACT EXPEDITIOUSLY.

2. BANDA REAFFIRMED WHAT MINFIN PERM SECY WALUSIKU TOLD US THAT ZAMBIA SEEKS K50 MILLION (AROUND \$75 MILLION) FROM USG. BANDA SPECIFIED GRZ PREFERENCE FOR GRANT ASSISTANCE AND SOFT LOANS. ONE REASON WHY ZAMBIA SEEKS GRANT RATHER THAN LOAN ASSISTANCE, BANDA EXPLAINED, IS BECAUSE DOCUMENTATION AND LEGAL ADVICE ON LOANS HAS BECOME SO COMPLICATED IN ZAMBIAN BUREAUCRACY.

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3. BANDA THEN ASKED FOR INDICATION OF WHERE MATTER STOOD IN US BUREAUCRACY. I SAID OUR PEOPLE WERE STILL WAITING ON ZAMBIAN FORMULATION OF REQUEST BECAUSE OF URGENT NEED TO REFER MATTER TO US CONGRESS FOR SUPPLEMENTAL FOREIGN ASSISTANCE. I REVIEWED MY DISCUSSIONS ON SUBJECT AT STATE HOUSE AND MINISTRY OF FINANCE AND SAID I INTENDED TO CHECK AGAIN THIS WEEK WITH MINFIN FOR PROMISED DATA. BANDA EXPRESSED ANNOYANCE WITH HIS OWN BUREAUCRACY AS IT APPEARED FOREIGN DONORS HAD TO "BEG TO GIVE ASSISTANCE" BECAUSE OF ADMITTEDLY POOR GRZ ORGANIZATION AND COORDINATION. I SAID WE HAD OUTSTANDING REQUEST ON WASHINGTON FOR INDICATION OF GENERAL MAGNITUDE AND TERMS OF ASSISTANCE BASED ON RECENT CONVERSATION WITH MINISTER OF ECONOMIC AND TECHNICAL COOPERATION. SAID MONZE SPECIFICALLY ASKED FOR GRANT AID AND COMMODITY ASSISTANCE BUT DID NOT MENTION LOANS.

4. FONMIN AND I AGREED TO GET TOGETHER SOON AFTER I SAW PERM SECY WALUSIKU AND RECEIVED WASHINGTON'S LATEST ADVICE. WILKOWSKI

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 02 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LUSAKA00800
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760126-0380
From: LUSAKA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197604104/aaaadlmj.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUL 2004 by MartinML>; APPROVED <19 OCT 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US ECONOMIC ASSISTANCE TO ZAMBIA
TAGS: EFIN, ZA, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006